RICHTERSVELD
MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2012

RICHTERSVELD MUNICIPALITY

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RICHTERSVELD MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GENERAL INFORMATION

NATURE OF BUSINESS

Richtersveld Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Richtersveld Municipality includes the areas of Port Nolloth, Eksteensfontein, Kubous, Alexander Bay, Sandrift and Lekkersing.

MUNICIPAL MANAGER

SC Adams (Acting)

CHIEF FINANCIAL OFFICER

Vacant

REGISTERED OFFICE

Private Bag X113
PORT NOLLOTH
8280

AUDITORS

Auditor-General
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

First National Bank

ATTORNEYS

Tobie Kotze & Van Sitterts

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

RICHTERSVELD MUNICIPALITY

MEMBERS OF THE RICHTERSVELD MUNICIPALITY

WARD	COUNCILLOR
1	W Links
2	A Jansen
3	G Beukes
4	LR Ambrosini
Proportional	EN Hausiku
Proportional	CF de Lange Richter
Proportional	J Isaacs
Proportional	J Pretorius

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 78 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

SC Adams (Acting)
Municipal Manager

Date

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	2012 R	Restated 2011 R
NET ASSETS AND LIABILITIES			
Net Assets		**139 440 269**	**141 440 628**
Capital Replacement Reserve	**2**	1 322 549	1 330 923
Housing Development Fund	**2**	715 664	948 065
Accumulated Surplus/(Deficit)		137 402 057	139 161 640
Non-Current Liabilities		**12 075 999**	**11 930 918**
Long-term Liabilities	**3**	3 317 091	3 265 548
Non-current Provisions	**4**	5 607 362	5 887 058
Non-current Employee Benefits	**5**	3 151 546	2 778 312
Current Liabilities		**15 847 464**	**11 368 718**
Consumer Deposits	**6**	716 588	658 860
Current Employee Benefits	**7**	1 447 226	1 434 546
Payables from exchange transactions	**8**	2 625 659	3 986 102
Unspent Conditional Government Grants and Receipts	**9**	9 674 472	4 192 137
Taxes	**10**	-	-
Current Portion of Long-term Liabilities	**3**	1 383 520	1 097 073
Total Net Assets and Liabilities		**167 363 733**	**164 740 264**
ASSETS			
Non-Current Assets		**146 358 879**	**149 060 860**
Property, Plant and Equipment	**12**	95 970 803	100 827 378
Investment Property	**13**	49 937 933	47 691 628
Intangible Assets	**14**	225 856	307 393
Long-term Receivables	**15**	224 287	234 462
Current Assets		**21 004 854**	**15 679 404**
Inventory	**16**	322 338	354 736
Receivables from exchange transactions	**17**	1 626 638	1 185 630
Receivables from non-exchange transactions	**18**	380 307	515 445
Unpaid Conditional Government Grants and Receipts	**9**	145 948	-
Operating Lease Asset	**19**	17 469	19 957
Taxes	**10**	2 053 777	1 407 022
Current Portion of Long-term Receivables	**15**	10 175	7 587
Cash and Cash Equivalents	**20**	16 448 203	12 189 027
Total Assets		**167 363 733**	**164 740 264**

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 R	Restated 2011 R
REVENUE			
Revenue from Non-exchange Transactions		**23 255 384**	**31 460 248**
Taxation Revenue		**6 856 823**	**5 601 851**
Property taxes	**21**	6 856 823	5 601 851
Transfer Revenue		**16 385 096**	**25 820 086**
Government Grants and Subsidies	**22**	16 282 885	25 619 301
Public Contributions and Donations	**23**	102 211	200 785
Other Revenue		**13 465**	**38 311**
Fines		13 465	13 547
Actuarial Gains	**5**	-	24 764
Revenue from Exchange Transactions		**22 031 725**	**18 854 765**
Property Rates - penalties imposed and collection charges		513 354	413 454
Service Charges	**24**	16 355 288	14 333 895
Rental of Facilities and Equipment	**25**	1 406 635	1 269 540
Interest Earned - external investments	**26**	612 801	502 366
Interest Earned - outstanding receivables	**27**	1 472 412	1 355 959
Licences and Permits		148 793	120 499
Income for Agency Services		376 013	377 011
Other Income	**28**	1 146 429	482 040
Total Revenue		**45 287 109**	**50 315 013**
EXPENDITURE			
Employee related costs	**29**	(12 797 631)	(11 864 841)
Remuneration of Councillors	**30**	(1 849 416)	(1 782 216)
Debt Impairment	**31**	(4 793 318)	(2 541 174)
Depreciation and Amortisation	**32**	(6 256 445)	(4 670 017)
Repairs and Maintenance		(1 375 429)	(1 284 329)
Unamortised Discount - Interest		(137 940)	(164 503)
Actuarial Losses	**5**	(184 836)	(63 899)
Finance Costs	**33**	(1 036 255)	(1 095 845)
Bulk Purchases	**34**	(7 283 099)	(6 919 054)
Contracted Services		(217 947)	(14 674)
Grants and Subsidies Paid		-	(5 903)
Other Operating Grant Expenditure		(6 596 707)	(13 247 738)
General Expenses	**35**	(5 113 299)	(4 244 917)
Total Expenditure		**(47 642 323)**	**(47 899 108)**
Operating Surplus for the Year		**(2 355 213)**	2 415 905
Gains/(Loss) on Sale of Assets	**36**	603 310	924 901
(Impairment loss)/Reversal of impairment loss	**37**	(248 455)	(319 372)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(2 000 358)**	**3 021 433**

RICHTERSVELD MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Capital Replacement Reserve	Housing Development Fund	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2010	**869 959**	**964 744**	**127 805 163**	**129 639 867**
Correction of Error - note 38.8	-	-	7 061 580	7 061 580
Restated balance	869 959	964 744	134 866 743	136 701 447
Net Surplus/(Deficit) for the year	-	-	3 021 433	3 021 433
Transfer to/from CRR	923 872	-	(923 872)	-
Property, Plant and Equipment purchased	(462 909)	-	462 909	-
Transfer to Housing Development Fund	-	(16 679)	16 679	-
Balance at 30 June 2011	**1 330 923**	**948 065**	**137 443 892**	**139 722 880**
Correction of Error - note 38.9	-	-	1 717 748	**1 717 748**
Restated balance	**1 330 923**	**948 065**	**139 161 640**	**141 440 628**
Net Surplus/(Deficit) for the year	-	-	(2 000 358)	(2 000 358)
Transfer to/from CRR	2 143 543	-	(2 143 543)	-
Property, Plant and Equipment purchased	(2 151 917)	-	2 151 917	-
Transfer to Housing Development Fund	-	(232 401)	232 401	-
Balance at 30 June 2012	**1 322 549**	**715 664**	**137 402 057**	**139 440 270**

RICHTERSVELD MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		2 849 316	6 692 273
Sale of goods and services		15 810 233	10 520 531
Grants		21 619 273	26 856 690
Investment Income		2 085 213	1 858 326
Other receipts		3 823 803	2 265 133
Cash payments			
Employee costs		(14 682 640)	(13 755 809)
Suppliers		(22 592 076)	(22 938 284)
Finance costs		(474 196)	(863 664)
Net Cash from Operating Activities	**39**	**8 438 926**	**10 635 195**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(2 876 752)	(5 601 856)
Proceeds on Disposal of Fixed Assets		32 866	-
(Increase)/Decrease in Intangible Assets		(5 803)	(232 252)
(Increase)/Decrease in Non-current Assets Held for Sale		-	-
(Increase)/Decrease in Investment Properties		-	-
(Increase)/Decrease in Long-term Receivables		7 587	(6 634)
(Increase)/Decrease in Non-current Investments		-	-
Net Cash from Investing Activities		**(2 842 103)**	**(5 840 742)**
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		-	-
Loans repaid		(1 337 648)	(1 020 660)
Net Cash from Financing Activities		**(1 337 648)**	**(1 020 660)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4 259 176	3 773 793
Cash and Cash Equivalents at the beginning of the year		12 189 027	8 415 234
Cash and Cash Equivalents at the end of the year	**40**	16 448 203	12 189 027
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4 259 176**	**3 773 793**

INSERT ACCOUNTING POLICY

		2012 R	2011 R
2.	**RESERVES**	2 038 213	2 278 988
	Capital Replacement Reserve	1 322 549	1 330 923
	Housing Development Fund	715 664	948 065
	Total Net Asset Reserve and Liabilities	**2 038 213**	**2 278 988**

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

2.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

3. LONG TERM LIABILITIES

	Annuity Loans - At amortised cost	2 786 229	3 595 785
	Capitalised Lease Liability - At amortised cost	2 111 815	1 102 208
		4 898 044	**4 697 993**
Less:	Current Portion transferred to Current Liabilities	**(1 383 520)**	**(1 097 073)**
	Annuity Loans - At amortised cost	(878 461)	(810 142)
	Capitalised Lease Liability - At amortised cost	(505 059)	(286 931)
		3 514 524	**3 600 920**
Plus:	Unamortised charges on loans	**(197 433)**	**(335 372)**
	Balance 1 July	(335 372)	(499 875)
	Adjustment for the period	137 940	164 503
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**3 317 091**	**3 265 548**

3.1 The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	745 835	451 866
Payable within two to five years	1 949 002	925 933
Payable after five years	-	-
	2 694 837	1 377 799
Less: Future finance obligations	(583 019)	(275 590)
Present value of finance lease obligations	**2 111 818**	**1 102 209**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nahua	Copiers	7% - 35%	0%	5 Years	30/04/2017

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Leases are secured by property, plant and equipment - Note 12

4. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	5 607 362	5 887 058
Total Non-current Provisions	**5 607 362**	**5 887 058**

4.1 ***Landfill Sites***

Balance 1 July	5 887 058	5 553 228
Contribution for the year	325 391	333 830
Change in Provision for Rehabilitation Cost	(605 087)	-
Total provision 30 June	**5 607 362**	**5 887 058**
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	**5 607 362**	**5 887 058**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Port Nolloth	Kuboes	Eksteensfontein	Lekkersing
Area (m^2)	28 000	1 000	1 000	1 400
Rehabilitation volume (m^3)	28 000	500	500	700
Fence (m)	-	240	240	230
Site Clearance (Rand)	500 000	15 000	15 000	20 000
Excavation cost (Rand)	2 950 000	137 000	137 000	200 000
Capping (Rand)	123 200	3 000	3 000	3 800
Preliminary and general (Rand)	535 980	39 750	39 750	49 320
Fees and expenses (Rand)	420 000	30 475	30 475	37 812

The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	2012 R	2011 R
Port Nolloth	2022	4 520 980	4 938 560
Kuboes	2018	335 225	294 745
Eksteensfontein	2018	335 225	294 745
Lekkersing	2021	415 932	359 007
		5 607 362	**5 887 058**

5. NON-CURRENT EMPLOYEE BENEFITS

	2012	2011
Provision for Post Retirement Health Care Benefits	2 420 939	2 155 586
Provision for Long Service Awards	730 607	-
Correction of Error - Note	-	622 726
Total Non-current Employee Benefits	**3 151 546**	**2 778 312**

Post Retirement Health Care Benefits

Balance 1 July	2 263 478	2 080 602
Contribution for the year	239 919	226 869
Expenditure for the year	(107 892)	(107 892)
Actuarial Loss/(Gain)	142 494	63 899
Total provision 30 June	**2 537 999**	**2 263 478**
Less: Transfer of Current Portion to Current Provisions - Note 7	(117 060)	(107 892)
Balance 30 June	**2 420 939**	**2 155 586**

Long Service Awards

Balance 1 July	721 645	669 915
Contribution for the year	142 874	123 428
Expenditure for the year	(98 919)	(46 934)
Actuarial Loss/(Gain)	42 342	(24 764)
Total provision 30 June	**807 942**	**721 645**
Less: Transfer of Current Portion to Current Provisions - Note 7	(77 335)	(98 919)
Balance 30 June	**730 607**	**622 726**

5.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	2	2
In-service (employee) non-members	3	
Continuation members (e.g. Retirees, widows, orphans)		3
Total Members	**5**	**5**

	2012 R	2011 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	973 461	827 722
Continuation members	1 564 538	1 435 756
Total Liability	**2 537 999**	**2 263 478**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2010 R	2009 R	2008 R
In-service members	622 119	751 061	1 559 000
In-service non-members	-	-	
Continuation members	1 458 483	1 185 853	658 966
Total Liability	2 080 602	1 936 914	2 217 966

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health

The Current-service Cost for the ensuing year is estimated to be R4 784, whereas the Interest Cost for the next year is estimated to be R186 157.

Key actuarial assumptions used:	2012 %	2011 %
i) Rate of interest		
Discount rate	7.50	8.46
Health Care Cost Inflation Rate	6.83	7.23
Net Effective Discount Rate	0.63	1.15

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 60 years.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 537 999	2 263 478
Fair value of plan assets	-	-
	2 537 999	2 263 478
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	**2 537 999**	**2 263 478**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	2 263 478	2 080 602
Total expenses	132 027	118 977
Current service cost	52 863	42 567
Interest Cost	187 056	184 302
Benefits Paid	(107 892)	(107 892)
Actuarial (gains)/losses	142 494	63 899
Present value of fund obligation at the end of the year	2 537 999	2 263 478

	2012 R	2011 R
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption				
Central Assumptions	0.973	1.565	2.538	

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	1.116	1.712	2.829	11.00%
Health care inflation	-1%	-0.856	1.434	2.290	-10.00%
Post-retirement mortality	-1 year	1.008	1.634	2.642	4.00%
Average retirement age	-1 year	0.981	1.565	2.546	0.00%
Withdrawal Rate	-50%	1.002	1.565	2.566	1.00%

5.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 112 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R114 714 whereas the Interest Cost for the next year is estimated to be R49 292.

	2012 %	2011 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	6.40	6.40
General Salary Inflation (long-term)	5.97	5.97
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.41	0.41

The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	807 942	721 645
Fair value of plan assets	-	-
	807 942	721 645
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	**807 942**	**721 645**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	721 645	669 915
Total expenses	43 955	76 494
Current service cost	93 262	75 549
Interest Cost	49 612	47 879
Benefits Paid	(98 919)	(46 934)
Actuarial (gains)/losses	42 342	(24 764)
Present value of fund obligation at the end of the year	**807 942**	**721 645**

	2012 R	2011 R
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Sensitivity Analysis on the Unfunded Accrued Liability

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		0.164	
General salary inflation	1%	0.174	6.00%
General salary inflation	-1%	0.154	-6.00%
Average retirement age	-2 yrs	0.150	-8.00%
Average retirement age	2 yrs	0.178	9.00%
Withdrawal rates	-50%	0.199	21.00%

5.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in a sound financial position with a funding level of 116,9% (30 June 2010 - 100,3%).

Contributions paid recognised in the Statement of Financial Performance	188 127	190 019

DEFINED CONTRIBUTION FUNDS

Council contribute to the SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneraton paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SAMWU National Provident Fund	1 138 342	1 025 627
	1 138 342	1 025 627

		2012 R	2011 R
6.	**CONSUMER DEPOSITS**		
	Water and Electricity	716 588	658 860
	Total Consumer Deposits	**716 588**	**658 860**

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7.	**CURRENT EMPLOYEE BENEFITS**		
	Staff Bonuses	423 765	409 579
	Staff Leave	829 066	818 156
	Current Portion of Non-Current Provisions	194 395	206 811
	Current Portion of Post Retirement Benefits - Note 5	117 060	107 892
	Current Portion of Long-Service Provisions - Note 5	77 335	-
	Correction of Error - Note 38.7	-	98 919
	Total Current Employee Benefits	**1 447 226**	**1 434 546**

The movement in current provisions are reconciled as follows:

7.1	***Staff Bonuses***		
	Balance at beginning of year	409 579	347 029
	Contribution to current portion	716 638	690 804
	Expenditure incurred	(702 452)	(628 254)
	Balance at end of year	**423 765**	**409 579**

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

7.2	***Staff Leave***		
	Balance at beginning of year	818 156	746 677
	Contribution to current portion	104 342	109 581
	Expenditure incurred	(93 431)	(38 102)
	Balance at end of year	**829 066**	**818 156**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

8.	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	1 997 146	3 439 382
	Payments received in advance	349 339	350 215
	Retentions	68 573	-
	Other Creditors	2 192	15 898
	Deposits: Other	208 408	180 606
	Total Trade Payables	**2 625 659**	**3 986 102**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall and Builders Deposits.

		2012 R	2011 R
9.	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	9 674 472	4 192 137
	National Government Grants	7 940 031	4 755 635
	Provincial Government Grants	1 732 935	17 485
	District Municipality	-	58 742
	Other Sources	1 506	7 449
	Correction of Error - Note 38.4	-	(647 174)
	Less: Unpaid Grants	(145 948)	-
	National Government Grants	(2 706)	-
	Provincial Government Grants	-	-
	District Municipality	(143 241)	-
	Other Sources	-	-
	Total Conditional Grants and Receipts	**9 528 525**	**4 192 137**

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

10. TAXES

10.1	VAT Receivable/(Payable)	2 053 777	573 499
	Correction of Error - Note 38.5	-	833 523
		2 053 777	1 407 022

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

11. SHORT-TERM LOANS

The Municipality has no short term loans.

		2012 R	2011 R
12.	**PROPERTY, PLANT AND EQUIPMENT**		

See attached sheet page 1

page 2

page 3

		2012 R	2011 R
12.3	**Assets pledged as security:**		
	Leased Property, Plant and Equipment of R 2 221 029 are secured for leases as set out in Note 3.		
13.	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July	**47 691 628**	**47 697 361**
	Cost	47 757 780	40 922 500
	Correction of Error - Note 38.7	-	6 835 280
	Accumulated Depreciation	(66 152)	(60 419)
	Transfer from Property, Plant and Equipment to Investment Properties	2 449 000	-
	Impairment	(196 961)	
	Depreciation for the year	(5 733)	(5 733)
	Net Carrying amount at 30 June	**49 937 933**	**47 691 628**
	Cost	50 009 819	47 757 780
	Accumulated Depreciation	(71 885)	(66 152)
14.	**INTANGIBLE ASSETS**		
	Net Carrying amount at 1 July	**307 393**	**124 181**
	Cost	541 826	309 574
	Accumulated Amortisation	(234 433)	(185 393)
	Acquisitions	5 803	232 252
	Amortisation	(108 897)	(49 040)
	Reversal of Impairment Loss	30 793	
	Impairment Loss	(9 236)	-
	Net Carrying amount at 30 June	**225 856**	**307 393**
	Cost	547 629	541 826
	Accumulated Amortisation	(343 330)	(234 433)
15.	**LONG TERM RECEIVABLES**		
	Housing Loans - At amortised cost	234 462	242 049
	Less: Current portion transferred to current receivables	(10 175)	(7 587)
	Total Long Term Receivables	**224 287**	**234 462**
16.	**INVENTORY**		
	Maintenance Materials - At cost	316 445	345 490
	Water - At purification cost	5 893	9 246
	Total Inventory	**322 338**	**354 736**
	No inventory was pledged as security for any liabilities.		
	Inventory recognise as an expense during the year.	897 343	399 951
	Consumable stores materials written down due to losses as identified during the annual stores counts.	**1 607**	**20 007**
17.	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	1 646 481	1 409 870
	Water	8 428 833	7 457 237
	Housing Rentals	214 667	201 827
	Refuse	6 275 306	5 702 004
	Sewerage	5 473 360	5 088 924
	Other Arrears	6 806 811	8 439 442
	Total: Receivables from exchange transactions (before provision)	**28 845 457**	**28 299 304**
	Provision for Impairments	(27 218 819)	(27 113 672)
	Total: Receivables from exchange transactions (after provision)	**1 626 638**	**1 185 632**

Consumer debtors are are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

	2012 R	2011 R
(Electricity): Ageing		
Current (0 - 30 days)	260 382	295 112
31 - 60 Days	85 468	77 525
61 - 90 Days	53 450	47 071
+ 90 Days	1 247 181	990 162
Total	**1 646 481**	**1 409 870**
(Water): Ageing		
Current (0 - 30 days)	258 562	280 271
31 - 60 Days	213 462	198 466
61 - 90 Days	197 845	181 225
+ 90 Days	7 758 964	6 797 275
Total	**8 428 833**	**7 457 237**
(Housing): Ageing		
Current (0 - 30 days)	(910)	(893)
31 - 60 Days	1 157	1 174
61 - 90 Days	1 157	1 157
+ 90 Days	213 263	200 389
Total	**214 667**	**201 827**
(Refuse): Ageing		
Current (0 - 30 days)	131 642	135 545
31 - 60 Days	142 771	133 707
61 - 90 Days	144 770	125 048
+ 90 Days	5 856 123	5 307 704
Total	**6 275 306**	**5 702 004**
(Sewerage): Ageing		
Current (0 - 30 days)	104 185	106 051
31 - 60 Days	118 463	115 111
61 - 90 Days	121 672	107 933
+ 90 Days	5 129 040	4 759 829
Total	**5 473 360**	**5 088 924**
(Other): Ageing		
Current (0 - 30 days)	322 402	592 022
31 - 60 Days	152 492	84 482
61 - 90 Days	42 861	51 555
+ 90 Days	6 032 156	7 711 383
Total	**6 549 912**	**8 439 442**
(Total): Ageing		
Current (0 - 30 days)	1 076 263	1 408 108
31 - 60 Days	713 813	610 465
61 - 90 Days	561 755	513 989
+ 90 Days	26 236 727	25 766 742
Total	**28 588 559**	**28 299 304**

	2012 R	2011 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	27 113 672	23 856 404
Contribution to provision	2 524 642	2 820 172
VAT on provision	353 450	394 824
Bad Debts written off against provision	(2 772 945)	(3 085)
Bad Debts recovered	-	45 356
Balance at end of year	**27 218 819**	**27 113 672**
The total amount of this provision is R27 218 819 and consist of:		
Services	21 186 663	19 402 289
Other Debtors	6 032 156	7 711 383
Total Provision for Bad Debts on Receivables from exchange transactions	**27 218 819**	**27 113 672**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	7 990 979	6 457 787
Other Receivables	75 117	99 576
Correction of Error - Note 38.3	-	(214 724)
	8 066 096	6 342 639
Less: Provision for bad debts	(7 685 789)	(5 827 193)
Total Receivables from non-exchange transactions	**380 307**	**515 446**

The fair value of other receivables approximate their carrying value.

Rates debtors are are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	75 360	55 970
31 - 60 Days	136 103	507 584
61 - 90 Days	93 727	67 040
+ 90 Days	7 685 789	5 827 193
Total	**7 990 979**	**6 457 787**
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	5 827 193	6 744 364
Contribution to provision	2 268 675	-
Bad Debts written off against provision	(410 079)	(239 856)
Reversal of provision	-	(677 315)
Balance at end of year	**7 685 789**	**5 827 193**
The total amount of this provision is R7 685 789 and consist of:		
Taxes	7 685 789	5 827 193
Other	-	-
Total Provision for Bad Debts on Trade Receivables from non-exchange transactions	**7 685 789**	**5 827 193**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

		2012 R	2011 R
19.	**OPERATING LEASE ARRANGEMENTS**		
19.1	**The Municipality as Lessor**		
	Operating Lease Asset	17 469	19 957
	Reconciliation		
	Balance at the beginning of the year	19 957	22 235
	Movement during the year	(2 488)	(2 278)
	Balance at the end of the year	**17 469**	**19 957**
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease expenditure as follows:		
	Up to 1 Year	32 246	29 530
	1 to 5 Years	161 509	147 902
	More than 5 Years	613 112	658 965
	Total Operating Lease Arrangements	**806 867**	**836 396**

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

This operating lease income determined from contracts that have a specific condition income. Property is rent at market related tariffs with a annual increase of 9%. The operating lease agreement expires in 2026.

20.	**BANK ACCOUNTS**		
20.1	**Cash and Cash Equivalents**		
	Current Accounts	421 196	172 455
	Call Investments Deposits	16 026 627	12 016 192
	Cash Floats	380	380
	Total Cash and Cash Equivalents - Assets	**16 448 203**	**12 189 027**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

First National Bank - Account Number 534 7183 1653 (Primary Bank Account):	421 196	172 455
	421 196	**172 455**

	2012 R	2011 R
Call Investment Deposits		
First National Bank - Account Number 620 2169 3587 (Vegetables Account):	6 699	6 699
First National Bank - Account Number 620 3227 5689 (MSP Water Meters Account):	420 538	430 109
First National Bank - Account Number 620 3384 2396 (IDP Account):	-	58 742
First National Bank - Account Number 620 4518 7706 (Social/Aids Account):	256 726	295 710
First National Bank - Account Number 620 6266 9521 (Equitable Share Account):	4 062	917 512
First National Bank - Account Number 620 6874 1357 (8 Mile Bulk Water Account):	41 169	41 169
First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):	801 431	721 200
First National Bank - Account Number 620 7204 0555 (FMG Account):	90 203	430 597
First National Bank - Account Number 620 7629 6188 (NDFT Account):	-	1 010
First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):	283 460	276 709
First National Bank - Account Number 620 9751 6979 (Flood Dam Kuboes Account):	250 148	250 148
First National Bank - Account Number 620 9751 7571 (CRR Account):	1 322 549	1 330 923
First National Bank - Account Number 620 9851 7190 (EPWP Account):	55 119	169 764
First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):	25 179	33 940
First National Bank - Account Number 620 5079 2721 (EFT/DBSA Account):	2 439 384	2 499 597
First National Bank - Account Number 620 7643 7253 (Water Bulk Shand Account):	337 410	336 720
First National Bank - Account Number 621 3757 8433 (Projects Account):	367 704	113 710
First National Bank - Account Number 742 7763 6667 (Assets Financing Account):	390 126	369 684
First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):	298 511	147 282
First National Bank - Account Number 621 3757 7782 (Library Account):	244 945	52 395
First National Bank - Account Number 622 7711 8313 (MIG Account):	8 388 672	3 525 690
First National Bank - Account Number 621 0271 7555 (Sundry Grants Account):	2 594	6 883
	16 026 627	**12 016 192**
Details of bank accounts are as follow:		
First National Bank - Account Number 534 7183 1653 (Primary Bank Account):		
Cash book balance at beginning of year	172 455	279 998
Cash book balance at end of year	421 196	172 455
Bank statement balance at beginning of year	172 455	231 819
Bank statement balance at end of year	330 905	172 455
First National Bank - Account Number 620 2169 3587 (Vegetables Account):		
Cash book balance at beginning of year	6 699	6 699
Cash book balance at end of year	6 699	6 699
Bank statement balance at beginning of year	6 699	6 699
Bank statement balance at end of year	6 699	6 699
First National Bank - Account Number 620 3227 5689 (MSP Water Meters Account):		
Cash book balance at beginning of year	430 109	534 986
Cash book balance at end of year	420 538	430 109
Bank statement balance at beginning of year	430 109	534 986
Bank statement balance at end of year	420 538	430 109
First National Bank - Account Number 620 3384 2396 (IDP Account):		
Cash book balance at beginning of year	58 742	214 160
Cash book balance at end of year	-	58 742
Bank statement balance at beginning of year	58 742	191 957
Bank statement balance at end of year	-	58 742
First National Bank - Account Number 620 4518 7706 (Social/Aids Account):		
Cash book balance at beginning of year	295 710	204 487
Cash book balance at end of year	256 726	295 710
Bank statement balance at beginning of year	295 710	204 487
Bank statement balance at end of year	256 726	295 710
First National Bank - Account Number 620 5618 6599 (Cleanest Town Account):		
Cash book balance at beginning of year	-	4 164
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	4 164
Bank statement balance at end of year	-	-

	2012 R	2011 R
First National Bank - Account Number 620 5642 3701 (Kuboes Pipe Line Account):		
Cash book balance at beginning of year	-	26 304
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	26 304
Bank statement balance at end of year	-	-
First National Bank - Account Number 620 5642 4098 (Ground Water Account):		
Cash book balance at beginning of year	-	104 985
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	104 985
Bank statement balance at end of year	-	-
First National Bank - Account Number 620 6266 9521 (Equitable Share Account):		
Cash book balance at beginning of year	917 512	787 529
Cash book balance at end of year	4 062	917 512
Bank statement balance at beginning of year	917 512	787 529
Bank statement balance at end of year	4 062	917 512
First National Bank - Account Number 620 6874 1357 (8 Mile Bulk Water Account):		
Cash book balance at beginning of year	41 169	41 169
Cash book balance at end of year	41 169	41 169
Bank statement balance at beginning of year	41 169	41 169
Bank statement balance at end of year	41 169	41 169
First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):		
Cash book balance at beginning of year	721 200	582 211
Cash book balance at end of year	801 431	721 200
Bank statement balance at beginning of year	721 200	582 211
Bank statement balance at end of year	801 431	721 200
First National Bank - Account Number 620 7204 0555 (FMG Account):		
Cash book balance at beginning of year	430 597	329 961
Cash book balance at end of year	90 203	430 597
Bank statement balance at beginning of year	430 597	329 961
Bank statement balance at end of year	90 203	430 597
First National Bank - Account Number 620 7629 6188 (NDFT Account):		
Cash book balance at beginning of year	1 010	14 023
Cash book balance at end of year	-	1 010
Bank statement balance at beginning of year	1 010	14 023
Bank statement balance at end of year	-	1 010
First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):		
Cash book balance at beginning of year	276 709	269 257
Cash book balance at end of year	283 460	276 709
Bank statement balance at beginning of year	276 709	269 257
Bank statement balance at end of year	283 460	276 709
First National Bank - Account Number 620 9751 6979 (Flood Dam Kuboes Account):		
Cash book balance at beginning of year	250 148	254 034
Cash book balance at end of year	250 148	250 148
Bank statement balance at beginning of year	250 148	254 034
Bank statement balance at end of year	250 148	250 148

	2012 R	2011 R
First National Bank - Account Number 620 9751 7571 (CRR Account):		
Cash book balance at beginning of year	1 330 923	869 959
Cash book balance at end of year	1 322 549	1 330 923
Bank statement balance at beginning of year	1 330 923	869 959
Bank statement balance at end of year	1 322 549	1 330 923
First National Bank - Account Number 620 9851 7190 (EPWP Account):		
Cash book balance at beginning of year	169 764	38 424
Cash book balance at end of year	55 119	169 764
Bank statement balance at beginning of year	169 764	38 424
Bank statement balance at end of year	55 119	169 764
First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):		
Cash book balance at beginning of year	33 940	33 576
Cash book balance at end of year	25 179	33 940
Bank statement balance at beginning of year	33 940	33 576
Bank statement balance at end of year	25 179	33 940
First National Bank - Account Number 620 5079 2721 (EFT/DBSA Account):		
Cash book balance at beginning of year	2 499 597	39 026
Cash book balance at end of year	2 439 384	2 499 597
Bank statement balance at beginning of year	2 499 597	39 026
Bank statement balance at end of year	2 439 384	2 499 597
First National Bank - Account Number 620 7643 7253 (Water Bulk Shand Account):		
Cash book balance at beginning of year	336 720	336 720
Cash book balance at end of year	337 410	336 720
Bank statement balance at beginning of year	336 720	336 720
Bank statement balance at end of year	337 410	336 720
First National Bank - Account Number 621 3757 8433 (Projects Account):		
Cash book balance at beginning of year	113 710	755 420
Cash book balance at end of year	367 704	113 710
Bank statement balance at beginning of year	113 710	755 420
Bank statement balance at end of year	367 704	113 710
First National Bank - Account Number 742 7763 6667 (Assets Financing Account):		
Cash book balance at beginning of year	369 684	-
Cash book balance at end of year	390 126	369 684
Bank statement balance at beginning of year	369 684	-
Bank statement balance at end of year	390 126	369 684
First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):		
Cash book balance at beginning of year	147 282	2 661 952
Cash book balance at end of year	298 511	147 282
Bank statement balance at beginning of year	147 282	2 661 952
Bank statement balance at end of year	298 511	147 282
First National Bank - Account Number 622 3714 1099 (Library Account):		
Cash book balance at beginning of year	52 395	14 264
Cash book balance at end of year	244 945	52 395
Bank statement balance at beginning of year	52 395	14 264
Bank statement balance at end of year	244 945	52 395

	2012 R	2011 R
First National Bank - Account Number 622 7711 8313 (MIG Account):		
Cash book balance at beginning of year	3 525 690	-
Cash book balance at end of year	8 388 672	3 525 690
Bank statement balance at beginning of year	3 525 690	-
Bank statement balance at end of year	8 388 672	3 525 690
First National Bank - Account Number 621 0271 7555 (Sundry Grants Account):		
Cash book balance at beginning of year	6 883	11 547
Cash book balance at end of year	2 594	6 883
Bank statement balance at beginning of year	6 883	11 547
Bank statement balance at end of year	2 594	6 883

21. PROPERTY RATES

Actual

Rateable Land and Buildings	6 856 823	5 814 079
Residential Property	5 611 418	4 665 311
Commercial Property	984 919	915 842
Industrial Property	38 203	36 457
Agricultural Purposes	97 482	92 793
State - National/ Provincial Services	124 801	103 676
Correction of Error - Note 38.3	-	(212 228)
Total Assessment Rates	**6 856 823**	**5 601 851**

Valuations - 1 July 2011

Rateable Land and Buildings	954 353 878	829 822 477
Residential Property	737 298 405	620 243 594
Commercial Property	102 889 043	98 243 853
Industrial Property	3 857 600	3 857 600
Agricultural Purposes	88 539 130	88 539 130
State - National/ Provincial Services	21 769 700	18 938 300
Total Assessment Rates	**954 353 878**	**829 822 477**

Valuations on 1 July 2011:

	Building Clause Valuation	Site Valuation	Building Valuation	Total Valuation
Domestic	36 125 000	-	701 173 405	737 298 405
Commercial	178 000	-	102 711 043	102 889 043
Light Industrial	103 000	-	3 754 600	3 857 600
Agricultural/Rural	-	-	88 539 130	88 539 130
State	-	-	21 769 700	21 769 700
Total Property Valuations	**36 406 000**	**-**	**917 947 878**	**954 353 878**

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	0.7171c/R
Commercial and Industrial	0.9517c/R
Government	0.7171c/R
Agriculture	0.1101c/R

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R15 000 on the valuation is exempted.
Pensioners - 33,3%
Government - - 20%

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

		2012 R	2011 R
22.	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional		
	Equitable Share	10 415 000	9 196 847
	Conditional	5 867 885	16 422 454
	Grants and Donations	5 867 885	15 775 280
	Correction of Error - Note 38.4	-	647 174
	Total Government Grants and Subsidies	**16 282 885**	**25 619 301**
	Government Grants and Subsidies - Operating	15 994 993	25 338 730
	Government Grants and Subsidies - Capital	287 892	280 572
	Total Government Grants and Subsidies	**16 282 885**	**25 619 302**
	Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
	Equitable share	10 415 000	9 196 847
	Executive & Council	-	337 774
	Budget & Treasury	1 757 408	2 157 743
	Corporate Services	2 245 520	5 075 287
	Planning & Development	-	-
	Health	-	-
	Community & Social Services	1 695 056	1 264 883
	Housing	-	4 942 433
	Public Safety	-	-
	Sport & Recreation	-	4 486
	Environmental Protection	-	-
	Waste Management	-	-
	Waste Water Management	-	-
	Road Transport	157 835	-
	Water	12 066	1 992 675
	Electricity	-	-
	Total Government Grants and Subsidies	**16 282 885**	**24 972 127**
22.1	**Equitable Share**		
	Opening balance	-	-
	Grants received	10 415 000	9 196 847
	Conditions met - Operating	(10 415 000)	(9 196 847)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

		2012 R	2011 R
22.2	**Local Government Financial Management Grant (FMG)**		
	Opening balance	409 758	9 800
	Grants received	1 450 000	1 200 000
	Repaid to National Revenue Fund	(10 000)	-
	Conditions met - Operating	(1 777 602)	(622 163)
	Conditions met - Capital	(39 797)	(177 879)
	Conditions still to be met	32 359	409 758

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

22.3	**Municipal Systems Improvement Grant (MSIG)**		
	Opening balance	29 210	228 233
	Grants received	790 000	750 000
	Repaid to National Revenue Fund	(228 000)	-
	Conditions met - Operating	(431 570)	(949 023)
	Conditions met - Capital	(162 346)	-
	Conditions still to be met	(2 706)	29 210

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

22.4	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	2 120 006	481 026
	Grants received	7 113 000	5 914 000
	Repaid to National Revenue Fund	(481 000)	-
	Conditions met - Operating	(783 476)	(3 727 302)
	Conditions met - Capital	(60 858)	(101 428)
	Correction of Error - Note 38.4	-	(446 290)
	Conditions still to be met	7 907 672	2 120 006

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

22.5	**Sport Grant**		
	Opening balance	3 471	7 957
	Grants received	-	-
	Conditions met - Operating	-	(4 486)
	Conditions met - Capital	-	-
	Conditions still to be met	3 471	3 471

The grant was used to buildt sport infrastructure.

22.6	**Library Grant**		
	Opening balance	14 015	(549)
	Grants received	558 000	350 000
	Conditions met - Operating	(362 836)	(335 436)
	Conditions met - Capital	(3 420)	-
	Conditions still to be met	205 759	14 015

The grant was used to finance library activities.

22.7	***Arts & Culture Grant (Cultural Groups)***		
	Opening balance	49	49
	Grants received	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	49	49

The grant was used to facilitate cultural groups.

		2012 R	2011 R
22.8	***Housing Grant***		
	Opening balance	1 633	755 419
	Grants received	1 295 423	4 188 647
	Interest received	3 452	-
	Conditions met - Operating	(1 120 190)	(4 942 433)
	Conditions met - Capital	-	-
	Conditions still to be met	180 318	1 633

The Housing grant was utilised for the development of erven and the erection of top structures.

22.9	***Public Works Grant (Work Creation)***		
	Opening balance	157 835	7 390
	Grants received	-	2 996 450
	Conditions met - Operating	(157 835)	(2 844 739)
	Conditions met - Capital	-	(1 265)
	Conditions still to be met	-	157 835

The grant was used to develop infrastructure.

22.10	***CoGTA Grant (Flood Damage Kuboes)***		
	Opening balance	250 147	254 033
	Grants received	-	-
	Conditions met - Operating	-	(3 886)
	Conditions met - Capital	-	-
	Conditions still to be met	250 147	250 147

The grant was used to perform maintenance in flood damage areas.

22.11	***CoGTA Grant (Monitor Ground Water)***		
	Opening balance	-	104 985
	Grants received	-	-
	Conditions met - Operating	-	(104 985)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The grant was used to investigate ground water availability.

22.12	***CoGTA Grant (MSP Watermeter)***		
	Opening balance	430 021	478 977
	Grants received	-	-
	Interest Received	4 124	-
	Conditions met - Operating	(8 203)	(48 956)
	Conditions met - Capital	(12 066)	-
	Conditions still to be met	413 877	430 021

The grant was used to install water meters.

22.13	***CoGTA Grant (Sizamile Vegatable)***		
	Opening balance	1 583	1 583
	Grants received	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	1 583	1 583

The grant was used to establish vegatable gardens.

	2012 R	2011 R
22.14 *CoGTA Grant (Social Plan)*		
Opening balance	5 116	5 116
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(5 116)	-
Conditions still to be met	-	5 116

The grant was used to develop a social plan.

22.15 *CoGTA Grant (Water Bulk Supply - 8 Mile)*		
Opening balance	41 169	41 169
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	41 169	41 169

The grant was used to develop water infrastructure.

22.16 *CoGTA Grant (Water Bulk Supply - Ninham Shand)*		
Opening balance	336 720	336 720
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	336 720	336 720

The grant was used to develop water infrastructure.

22.17 *CoGTA Grant (Water - Kuboes Pipe Line)*		
Opening balance	-	26 305
Grants received	-	-
Conditions met - Operating	-	(26 305)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used to develop water infrastructure.

22.18 *CoGTA Grant (Pula Nala)*		
Opening balance	35 645	-
Grants received	325 000	325 000
Conditions met - Operating	(318 694)	(289 355)
Conditions met - Capital	-	-
Conditions still to be met	41 952	35 645

The grant was used for job creation.

22.19 *CoGTA Grant (Water Bulk Infrastructure)*		
Opening balance	289 567	-
Grants received	35 611	1 950 539
Conditions met - Operating	(67 286)	(1 460 087)
Conditions met - Capital	-	-
Correction of Error - Note 38.4	-	(200 884)
Conditions still to be met	257 892	289 567

The grant was used to develop water infrastructure.

	2012 R	2011 R
22.20 *Namakwa District Municipality Grant*		
Opening balance	58 742	191 957
Grants received	348 663	-
Conditions met - Operating	(550 646)	(133 215)
Conditions met - Capital	-	-
Conditions still to be met	(143 241)	58 742

The grant was used for various projects identified by Namakwa District Municipality.

22.21 *NDFT Grant*		
Opening balance	615	953
Grants received	-	-
Conditions met - Operating	(615)	(338)
Conditions met - Capital	-	-
Conditions still to be met	-	615

The grant was used for various projects identified by Namakwaland Diamond Fund Trust.

22.22 *NDFT Grant (CDW's)*		
Opening balance	4 891	4 891
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(4 289)	-
Conditions still to be met	602	4 891

The grant was used for various projects identified by Namakwaland Diamond Fund Trust.

22.23 *Stuwig Alch AB Grant*		
Opening balance	1 039	1 039
Grants received	-	-
Conditions met - Operating	(1 039)	-
Conditions met - Capital	-	-
Conditions still to be met	-	1 039

22.24 *Alexcor Culfest Grant*		
Opening balance	904	2 904
Grants received	-	-
Conditions met - Operating	-	(2 000)
Conditions met - Capital	-	-
Conditions still to be met	904	904

The grant was used for heritage activities.

22.25 Total Grants		
Opening balance	4 192 138	2 939 957
Grants received	22 330 697	26 871 483
Repaid to National Revenue Fund	(719 000)	-
Interest received	7 576	-
Conditions met - Operating	(15 994 993)	(24 691 555)
Conditions met - Capital	(287 892)	(280 572)
Correction of Error - Note 38.4	-	(647 174)
Conditions still to be met/(Grant expenditure to be recovered)	9 528 526	4 192 138
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	9 674 474	4 192 138
Unpaid Conditional Government Grants and Receipts	(145 948)	-
Total	**9 528 526**	**4 192 138**

		2012 R	2011 R
23.	**PUBLIC CONTRIBUTIONS AND DONATIONS**		
	Donations	102 211	200 785
	Total Public Contributions and Donations	**102 211**	**200 785**
24.	**SERVICE CHARGES**		
	Electricity	7 231 000	5 988 682
	Water	4 902 315	4 365 028
	Refuse Removal	2 257 879	2 141 870
	Sewerage and Sanitation Charges	1 964 094	1 838 314
	Total Service Charges	**16 355 288**	**14 333 895**
25.	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Rental of facilities	318 012	297 964
	Rental of equipment	37 856	3 101
	Other rentals	1 050 768	968 475
	Total Rental of Facilities and Equipment	**1 406 635**	**1 269 540**
26.	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	612 801	502 366
	Total Interest Earned - External Investments	**612 801**	**502 366**
27.	**INTEREST EARNED - OUTSTANDING RECEIVABLES**		
	Long-term Receivables	259	364
	Trade Receivables	1 472 153	1 355 595
	Total Interest Earned - Outstanding Receivables	**1 472 412**	**1 355 959**
28.	**OTHER INCOME**		
	Christmans Lights Festival	495 081	213 922
	Commission	13 654	11 119
	Grave Lots	5 102	5 290
	Grazing Fees	183 979	199 388
	Insurance claims	9 510	-
	Lost Books	137	45
	Other	81 505	26 049
	Photostats	14 331	9 401
	Posters	2 754	1 961
	Search Fees	5 333	4 203
	Surplus Cash	74	83
	Survey Costs	3 444	10 579
	VAT 48	326 027	-
	VAT 49	5 500	-
	Total Other Income	**1 146 429**	**482 040**
29.	**EMPLOYEE RELATED COSTS**		
	Employee Related Costs - Salaries and Wages	9 078 253	8 548 146
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	1 728 109	1 567 735
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	493 218	351 440
	Housing Benefits and Allowances	33 844	34 034
	Overtime Payments	497 102	444 986
	Bonuses	716 638	690 804
	Provision for leave	104 342	109 580
	Contribution to provision - Post Retirement Medical - Note 5	52 863	42 567
	Contribution to provision - Long Service Awards - Note 5	93 262	75 549
		12 797 631	11 864 841
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	**12 797 631**	**11 864 841**

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

		2012 R	2011 R
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Municipal Manager - Mr J G Cloete		
	Annual Remuneration	147 892	362 481
	Travelling Allowance	-	88 735
	Car Allowance	36 973	-
	Telephone Allowance	4 063	9 750
	Annual Bonus	27 113	-
	Performance Bonus	28 917	-
	Leave Gratuity	59 630	-
	Contributions to UIF, Medical and Pension Funds	38 385	95 072
	Total	**342 973**	**556 038**
30.	**REMUNERATION OF COUNCILLORS**		
	Mayor	410 954	384 075
	Councillors	844 323	806 548
	Sundry allowances	513 445	487 303
	Allowances allocatee to Employee Related Costs in General Ledger	80 694	104 290
	Total Councillors' Remuneration	**1 849 416**	**1 782 216**
	Remuneration paid to councillors were as follow:		
	AM Jansen - Mayor	591 788	
	LR Ambrosini - Former Mayor	183 632	521 474
	WJ Cloete - Councillor	-	155 808
	D Singh - Councillor	-	155 808
	GJ Links - Councillor	-	155 808
	AM Jansen - Councillor	-	209 698
	G Beukes - Councillor	183 632	19 366
	CF Richter - Councillor	183 632	175 174
	E Hausiku - Councillor	183 632	175 174
	WJP Links - Councillor	183 632	19 366
	J Isaacs - Councillor	143 258	19 366
	T Swartbooi - Councillor	12 578	155 808
	J Pretorius - Councillor	183 632	19 366
	Total Councillors' Remuneration	**1 849 416**	**1 782 216**

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: Municipal Manager

31.	**DEBT IMPAIRMENT**		
	Long-term Receivables - Note 15	-	3 492
	Receivables from exchange transactions - Note 17	2 878 092	3 609 821
	Receivables from non-exchange transactions - Note 18	2 268 675	(677 315)
		5 146 767	**2 935 998**
	Less: VAT Portion on Debt Impairment	**(353 450)**	**(394 824.19)**
	Total Debt Impairment	**4 793 318**	**2 541 174**
32.	**DEPRECIATION AND AMORTISATION**		
	Property, plant and equipment	6 141 815	4 615 242
	Intangible assets	108 897	49 040
	Investment property carried at cost	5 733	5 733
	Total Depreciation and Amortisation	**6 256 445**	**4 670 016**

		2012 R	2011 R
33.	**FINANCE COSTS**		
	Long-term Liabilities	474 075	529 533
	Non-current Provisions	325 391	333 230
	Creditors	121	901
	Non-current Employee Benefits	236 668	232 181
	Total Finance Costs	**1 036 255**	**1 095 845**
34.	**BULK PURCHASES**		
	Electricity	6 229 962	5 837 176
	Water	1 053 138	1 081 878
	Total Bulk Purchases	**7 283 099**	**6 919 054**
35.	**GENERAL EXPENSES**		
	Advertising	79 446	11 128
	Audit Fees	1 276 349	1 061 789
	Bank Charges	110 989	115 122
	Christmas Lights Festival	716 483	522 352
	Cleaning Materials	83 960	89 444
	Computer Licences	190 490	198 743
	Entertainment	24 421	48 331
	Environmental Electricity Levy	168 756	89 028
	Fuel Vehicles	709 523	656 004
	Insurance	456 958	362 554
	Legal Fees	192 916	72 855
	Printing and Stationary	112 700	87 324
	Services Charges Electricity	-	89 028
	Services Charges Water	-	48 116
	Telephone and Postage	302 442	343 052
	Other	687 864	450 048
	Total General Expenses	**5 113 299**	**4 244 917**
36.	**GAIN/ (LOSS) ON SALE OF ASSETS**		
	Property, plant and equipment	603 310	924 901
	Total Gain/ (Loss) on Sale of Assets	**603 310**	**924 901**
37.	**IMPAIRMENT LOSS/ (REVERSAL OF IMPAIRMENT LOSS)**		
	Property, Plant and Equipment		
	Obsolete Property, Plant and Equipment with no economic value	42 258	319 372
	Investment Property		
	Land situated in sand dunes with no economic value	196 961	-
	Intangible Assets		
	Obsolete Intangible Assets with no economic value	9 236	-
	Total Impairment Loss/ (Reversal of Impairment Loss)	**248 455**	**319 372**
38.	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
38.1	**Non-current Employee Benefits**		
	Balance previously reported	-	2 155 586
	Long-service Awards not previously recognised - Note 5	-	669 915
	LSA Current Service Cost - 2010/2011	-	75 549
	LSA Interest Cost - 2010/2011	-	47 879
	LSA Benefits Paid - 2010/2011	-	(46 934)
	LSA Actuarial Gain - 2010/2011	-	(24 764)
	Current Portion of Long-service Awards disclosed as Current Employee Benefits - Note 5	-	(98 919)
	Restated Balance	**-**	**2 778 312**

Provision for Long-Service Awards recognised for the first-time.

		2012 R	2011 R
38.2	**Current Employee Benefits**		
	Balance previously reported	-	1 335 627
	Current Portion of Long-Service Awards disclosed as Current Employee Benefits - Note 7	-	98 919
	Restated Balance	**-**	**1 434 546**
	Current portion of Long-Service Awards recognised for the first-time.		
38.3	**Receivables from Non-Exchange Transactions**		
	Balance previously reported	-	730 169
	Correction of Receivables: Rates accounts - Note 18	-	(212 228)
	Correction of Income from Agency Services - Note 18	-	(2 496)
	Restated Balance	**-**	**515 445**
	Correction of Consumer accounts.		
38.4	**Unspent Conditional Government Grants and Receipts**		
	Balance previously reported	-	4 839 312
	VAT on grant expenditure not recogised as own revenue in prior year - Note 22.25	-	(647 174)
	Restated Balance	**-**	**4 192 137**
	VAT on grant expenidture nog recognised as own revenue in prior year.		
38.5	**Taxes**		
	Balance previously reported	-	573 499
	Correction of prior year VAT Control accounts - Note 10.1	-	833 523
	Restated Balance	**-**	**1 407 022**
	Correction of VAT Control Accounts		
38.6	**Property, Plant and Equipment**		
	Balance previously reported	-	99 093 871
	Cost	-	1 877 626
	Capital Under Construction not recognised in 2010/2011 - Note 12.2	-	1 670 814
	Community Assets not recognised in prior years - Note 12.2	-	107 920
	Other Assets not recognised in prior years - Note 12.2	-	98 892
	Accumulated Depreciation	-	(144 120)
	Backlog Depreciation: Other Assets	-	(95 820)
		-	9 562
	Backlog Depreciation: Community Assets	-	(57 861)
	Restated Balance	**-**	**100 827 378**
	Assets and backlog depreciation not recognised in prior year.		
38.7	**Investment Properties**		
	Balance previously reported	-	40 856 348
	Land not recognised in prior years - Note 13	-	6 835 280
	Restated Balance	**-**	**47 691 628**
	Land not recognised in prior years.		

		2012 R	2011 R
38.8	**Accumulated Surplus/(Deficit) - 1 July 2010**		
	Long-Service Awards - opening balance 1 July 2010	-	(669 915)
	Correction of prior year VAT Control accounts - Note 38.5	-	833 523
	Other Assets not recognised in prior years - Note 38.6	-	98 892
	Community Assets not recognised in prior years - Note 38.6	-	107 920
	Backlog Depreciation: Community Assets - Note 38.6	-	(57 861)
	Backlog Depreciation: Infrastructure Assets - Note 38.6	-	9 562
	Backlog Depreciation: Other Assets - Note 38.6	-	(95 820)
	Investment Properties not recognised in prior years - Note 38.7	-	6 835 280
	Total	**-**	**7 061 580**
38.9	**Accumulated Surplus/(Deficit) - 2010/2011**		
	Long-Service Awards - benefits paid in 2010/2011	-	46 934
	Capital Under Construction not recognised in 2010/2011	-	1 670 814
		-	-
	Total	**-**	**1 717 748**

38.10 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property taxes	**38.3**	5 814 079	(212 228)	5 601 851
Government Grants and Subsidies	**38.4**	24 972 127	647 174	25 619 301
Public Contributions and Donations		200 785	-	200 785
Contributed Property, Plant and Equipment		-	-	-
Fines		13 547	-	13 547
Third Party Payments		-	-	-
Actuarial Gains	**38.1**	-	24 764	24 764
Other Revenue from non-exchange transactions		-	-	-
Property Rates - penalties imposed and collection charges		413 454	-	413 454
Service Charges		14 333 895	-	14 333 895
Water Services Authority Contribution		-	-	-
Rental of Facilities and Equipment		1 269 540	-	1 269 540
Interest Earned - external investments		502 366	-	502 366
Interest Earned - outstanding receivables		1 355 959	-	1 355 959
Licences and Permits		120 499	-	120 499
Income for Agency Services	**38.3**	379 507	(2 496)	377 011
Other Income		482 040	-	482 040
Unamortised Discount - Interest		-	-	-
Gains/(Loss) on Sale of Assets		924 901	-	924 901
Total		50 782 698	457 215	51 239 913
Expenditure				
Employee related costs	**38.1**	(11 973 594)	108 753	(11 864 841)
Remuneration of Councillors		(1 782 216)	-	(1 782 216)
Debt Impairment		(2 541 174)	-	(2 541 174)
Collection Costs		-	-	-
Depreciation and Amortisation		(4 670 017)	-	(4 670 017)
Repairs and Maintenance		(1 284 329)	-	(1 284 329)
Unamortised Discount - Interest		(164 503)	-	(164 503)
Actuarial Losses		(63 899)	-	(63 899)
Finance Costs	**38.1**	(863 664)	(232 181)	(1 095 845)
Bulk Purchases		(6 919 054)	-	(6 919 054)
Contracted Services		(14 674)	-	(14 674)
Grants and Subsidies Paid		(5 903)	-	(5 903)
Other Operating Grant Expenditure		(13 247 738)	-	(13 247 738)
General Expenses		(4 244 917)	-	(4 244 917)
(Impairment loss)/Reversal of impairment loss		(319 372)	-	(319 372)
Total		(47 775 680)	(123 428)	(47 899 108)
Net Surplus/(Deficit) for the year		3 007 018	333 787	3 340 805

		2012 R	2011 R
39.	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	(2 000 359)	3 021 433
	Adjustments for:		
	Depreciation and amortisation	6 256 445	4 670 017
	Loss/(Gain) on disposal of property, plant and equipment	-	(924 901)
	Impairment Loss/(Reversal of Impairment Loss)	217 662	319 372
	Contribution to provisions – Non-Current Provisions	325 391	272 401
	Contribution from/to provisions - Non-Current Employee Benefits	175 982	-
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	184 836	63 899
	Contribution to provisions – Bad debt	4 793 318	2 004 810
	Bad debts written off	(3 183 025)	-
	Unamortised Discounts - Interest Paid	137 940	164 503
	Operating lease income accrued	-	(2 278)
	Operating lease expenses accrued	2 488	-
	Operating Surplus/(Deficit) before changes in working capital	6 910 678	9 589 256
	Changes in working capital	1 528 248	1 045 939
	Increase/(Decrease) in Consumer Deposits	57 728	31 558
	Increase/(Decrease) in Trade and Other Payables	(1 360 443)	(139 792)
	Increase/(Decrease) in Employee Benefits	25 096	253 006
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	5 482 335	1 960 392
	Increase/(Decrease) in Taxes	(646 755)	514 425
	(Increase)/Decrease in Inventory	32 397	(22 370)
	(Increase)/Decrease in Trade Receivables from exchange transactions	(192 704)	(1 590 256)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(1 723 458)	38 976
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(145 948)	-
	Cash generated/(absorbed) by operations	**8 438 926**	**10 635 195**
40.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Current Accounts - Note 20	421 196	172 455
	Call Investments Deposits - Note 20	16 026 627	12 016 192
	Cash Floats - Note 20	380	380
	Total cash and cash equivalents	**16 448 203**	**12 189 027**
41.	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 40	16 448 203	12 189 027
	Less:	(10 390 136)	(5 140 203)
	Unspent Committed Conditional Grants - Note 9	(9 674 472)	(4 192 137)
	Cash Portion of Housing Development Fund - Note 2	(715 664)	(948 066)
	Net cash resources available for internal distribution	6 058 066	7 048 824
	Allocated to:		
	Capital Replacement Reserve	(1 322 549)	(1 330 923)
	Resources available for working capital requirements	**4 735 518**	**5 717 902**
42.	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 3	4 898 044	4 697 993
	Used to finance property, plant and equipment - at cost	(4 898 044)	(4 697 993)
		-	-
	Cash set aside for the repayment of long-term liabilities		
	Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

43. BUDGET COMPARISONS

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %
43.1 Operational Budget by source/type				
Revenue by source				
Property rates	6 856 823	6 842 205	14 618	0.21%
Property rates - penalties & collection charges	513 354	450 000	63 354	14.08%
Service charges - electricity revenue	7 231 000	8 092 865	(861 865)	-10.65%
Service charges - water revenue	4 902 315	5 960 643	(1 058 328)	-17.76%
Service charges - sanitation revenue	1 964 094	2 423 148	(459 054)	-18.94%
Service charges - refuse revenue	2 257 879	2 848 500	(590 621)	-20.73%
Rental of facilities and equipment	1 406 635	1 675 216	(268 581)	-16.03%
Interest earned - external investments	612 801	617 000	(4 199)	-0.68%
Interest earned - outstanding debtors	1 472 412	1 500 300	(27 888)	-1.86%
Fines	13 465	7 118	6 347	89.17%
Licences and Permits	148 793	144 237	4 556	3.16%
Agency services	376 013	467 293	(91 280)	-19.53%
Transfers recognised	16 282 885	21 918 000	(5 635 115)	-25.71%
Public Contributions and Donations	102 211	1 500	100 711	6714.05%
Other revenue	1 146 429	706 657	439 772	62.23%
Gains on disposal of PPE	642 065	804 600	(162 535)	-20.20%
Total Revenue (excluding capital transfers and contributions)	**45 929 174**	**54 459 282**	**(8 530 108)**	**-15.66%**
Expenditure by Type				
Employee related costs	(13 034 299)	(14 075 599)	1 041 300	-7.40%
Remuneration of councillors	(1 849 416)	(1 927 960)	78 544	-4.07%
Debt Impairment	(4 793 318)	(2 600 000)	(2 193 318)	84.36%
Depreciation & asset impairment	(6 256 445)	(6 988 000)	731 555	-10.47%
Actuarial Losses	(184 836)	-	(184 836)	
Finance charges	(937 527)	(177 841)	(759 686)	427.17%
Bulk purchases	(7 283 099)	(7 890 000)	606 901	-7.69%
Other materials	(1 375 429)	(2 847 070)	1 471 641	-51.69%
Contracted services	(217 947)	(332 000)	114 053	-34.35%
Transfers and grants	(6 596 707)	(11 433 500)	4 836 793	-42.30%
Other expenditure	(5 113 299)	(4 901 253)	(212 046)	4.33%
Loss on disposal of PPE	(287 210)	-	(287 210)	
Total Expenditure	**(47 929 533)**	**(53 173 223)**	**5 243 690**	-9.86%
Surplus/(Deficit) for the year	**(2 000 358)**	**1 286 059**	**(3 286 417)**	**-255.54%**

Details of material variances

Refer to Appendix C(1)

43.2 Operational Budget by Standard Classification

Revenue - Standard

Governance and Administration	25 270 991	27 113 305	(1 842 314)	-6.79%
Executive and council	529 458	1 905 000	(1 375 542)	-72.21%
Budget and Treasury Office	9 721 550	8 995 305	726 245	8.07%
Corporate Services	15 019 984	16 213 000	(1 193 016)	-7.36%
Community and Public Safety	3 183 994	334 253	2 849 741	852.57%
Community and Social Services	2 055 427	331 000	1 724 427	520.98%
Sport and Recreation	1 010 104	-	1 010 104	
Public Safety	133 639	-	133 639	
Housing	2 234	24 398	(22 164)	-90.84%
Health	(17 411)	(21 145)	3 734	-17.66%
Economic and Environmental Services	779 848	284 000	495 848	174.59%
Planning and Development	586 974	-	586 974	
Road Transport	192 874	284 000	(91 126)	-32.09%
Trading Services	16 694 341	26 727 724	(10 033 383)	-37.54%
Electricity	7 485 491	8 320 844	(835 353)	-10.04%
Water	5 003 529	6 040 616	(1 037 087)	-17.17%
Waste Water Management	2 045 947	8 562 564	(6 516 617)	-76.11%
Waste Management	2 159 375	3 803 700	(1 644 325)	-43.23%
Total Revenue	**45 929 174**	**54 459 282**	**(8 530 108)**	**-15.66%**

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %
Expenditure - Standard				
Governance and Administration	(20 831 720)	(26 535 000)	5 703 280	-21.49%
Executive and council	(4 262 069)	(4 528 000)	265 931	-5.87%
Budget and Treasury Office	(8 368 995)	(11 165 000)	2 796 005	-25.04%
Corporate Services	(8 200 656)	(10 842 000)	2 641 344	-24.36%
Community and Public Safety	(4 587 004)	(1 384 423)	(3 202 581)	231.33%
Community and Social Services	(1 124 299)	(1 118 000)	(6 299)	0.56%
Sport and Recreation	(2 885 795)	(52 000)	(2 833 795)	5449.61%
Public Safety	(210 160)	(114 000)	(96 160)	84.35%
Housing	(234 636)	(24 400)	(210 236)	861.62%
Health	(132 113)	(76 023)	(56 090)	73.78%
Economic and Environmental Services	(5 918 991)	(7 355 000)	1 436 009	-19.52%
Planning and Development	(596 429)	-	(596 429)	0.00%
Road Transport	(5 322 562)	(7 355 000)	2 032 438	-27.63%
Trading Services	(16 591 818)	(17 898 800)	1 306 982	-7.30%
Electricity	(8 356 583)	(8 639 000)	282 417	-3.27%
Water	(4 758 717)	(5 639 000)	880 283	-15.61%
Waste Water Management	(1 560 219)	(1 400 000)	(160 219)	11.44%
Waste Management	(1 916 298)	(2 220 800)	304 502	-13.71%
Total Expenditure	**(47 929 533)**	**(53 173 223)**	**5 243 690**	**-9.86%**
Surplus/(Deficit) for the year	**(2 000 358)**	**1 286 059**	**(3 286 417)**	**-255.54%**

Details of material variances

Refer to Appendix C(1)

43.3 Capital Expenditure by Standard Classification

Governance and Administration				
Executive and council	6 395	-	6 395	100.00%
Budget and Treasury Office	-	-	-	
Corporate Services	375	170 000	(169 625)	-99.78%
Community and Public Safety				
Community and Social Services	301 393	-	301 393	100.00%
Sport and Recreation	297 437	-	297 437	100.00%
Public Safety	-	-	-	
Housing	-	-	-	
Health	-	-	-	
Economic and Environmental Services				
Planning and Development	-	-	-	
Road Transport	148 535	250 000	(101 465)	-40.59%
Environmental Protection	-	-	-	
Trading Services				
Electricity	677 984	360 000	317 984	88.33%
Water	12 441	220 000	(207 559)	-94.35%
Waste Water Management	1 155 850	5 950 000	(4 794 150)	-80.57%
Waste Management	1 208 950	2 563 000	(1 354 050)	-52.83%
Other			-	
Total Capital Expenditure	**3 809 359**	**9 513 000**	**(5 703 641)**	**-59.96%**

Details of material variances

Refer to Appendix C(2)

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %
43.4 Operational Budget by Municipal Vote				
Revenue - Vote				
Municipal Manager	529 458	1 905 000	(1 375 542)	-72.21%
Council General Expenses	814 254	1 105 000	(290 746)	-26.31%
Municipal Manager	(284 796)	800 000	(1 084 796)	-135.60%
Director: Corporate Services	17 662 313	16 050 446	1 611 867	10.04%
Administration	15 613 900	13 929 385	1 684 515	12.09%
Beaches	1 153	-	1 153	100.00%
Caravan Park	1 980 654	2 131 701	(151 047)	-7.09%
Cemetery	4 279	6 200	(1 921)	-30.98%
Fire Brigade	1 100	-	1 100	100.00%
Library	60 521	(10 440)	70 961	-679.70%
Museum	(2 978)	(4 600)	1 622	-35.26%
Recreational Park	3 683	(1 800)	5 483	-304.63%
Director: Finance	10 717 649	9 490 139	1 227 510	12.93%
Administration	2 861 578	2 151 100	710 478	33.03%
Assessment Rates	6 859 972	6 844 205	15 767	0.23%
Commonage	298 549	339 900	(41 351)	-12.17%
Health	(17 411)	(21 145)	3 734	-17.66%
Housing Scheme 4	1 100	-	1 100	100.00%
Housing Scheme 5	1 134	24 398	(23 264)	-95.35%
Offices	125 753	137 681	(11 928)	-8.66%
Properties	586 974	14 000	572 974	4092.67%
Director: Infrastructure	17 019 754	27 013 697	(9 993 943)	-37.00%
Electricity Service	7 485 491	8 322 844	(837 353)	-10.06%
Refuse Removal	2 159 375	3 803 700	(1 644 325)	-43.23%
Roads & Stormwater	214 396	184 973	29 423	15.91%
Sewerage Service	2 045 947	8 562 564	(6 516 617)	-76.11%
Vehicle Testing	132 539	121 000	11 539	9.54%
Water Service	5 003 529	6 040 616	(1 037 087)	-17.17%
Workshop	(21 522)	(22 000)	478	-2.17%
Total Revenue	**45 929 174**	**54 459 282**	**(8 530 108)**	**-15.66%**
Expenditure - Vote				
Municipal Manager	(4 262 069)	(4 528 202)	266 133	-5.88%
Council General Expenses	(3 828 011)	(3 626 673)	(201 338)	5.55%
Municipal Manager	(434 058)	(901 529)	467 471	-51.85%
Director: Corporate Services	(11 384 324)	(11 336 211)	(48 113)	0.42%
Administration	(8 200 656)	(8 320 435)	119 779	-1.44%
Beaches	(87 251)	(37 014)	(50 237)	135.72%
Caravan Park	(1 820 817)	(1 730 258)	(90 559)	5.23%
Cemetery	(389 277)	(17 101)	(372 176)	2176.34%
Community Gym	(92 123)	(36 500)	(55 623)	152.39%
Fire Brigade	(65 736)	(114 387)	48 651	-42.53%
Library	(682 094)	(1 044 601)	362 507	-34.70%
Museum	(28 010)	(20 050)	(7 960)	39.70%
Recreational Park	(15 844)	(12 765)	(3 079)	24.12%
Sport Ground	(2 516)	(3 100)	584	-18.85%
Director: Finance	(10 224 335)	(12 056 148)	1 831 813	-15.19%
Administration	(3 563 569)	(8 551 400)	4 987 831	-58.33%
Assessment Rates	(4 805 426)	(2 614 000)	(2 191 426)	83.83%
Commonage	(24 918)	(36 388)	11 470	-31.52%
Health	(132 113)	(76 023)	(56 090)	73.78%
Housing Scheme 4	(15 150)	(12 200)	(2 950)	24.18%
Housing Scheme 5	(219 486)	(12 200)	(207 286)	1699.07%
Offices	(867 245)	(423 937)	(443 308)	104.57%
Properties	(596 429)	(330 000)	(266 429)	80.74%
Director: Infrastructure	(22 058 804)	(25 252 662)	3 193 858	-12.65%
Electricity Service	(8 356 583)	(8 638 413)	281 830	-3.26%
Refuse Removal	(1 916 298)	(2 220 800)	304 502	-13.71%
Roads & Stormwater	(4 227 144)	(6 184 132)	1 956 988	-31.65%
Sewerage Service	(1 560 219)	(1 400 487)	(159 732)	11.41%
Vehicle Testing	(144 424)	(149 469)	5 045	-3.38%
Water Service	(4 758 717)	(5 637 672)	878 955	-15.59%
Workshop	(1 095 419)	(1 021 689)	(73 730)	7.22%
Total Expenditure	**(47 929 533)**	**(53 173 223)**	**5 243 690**	**-9.86%**
Surplus/(Deficit) for the year	**(2 000 358)**	**1 286 059**	**(3 286 417)**	**-255.54%**

Details of material variances

Refer to Appendix C(1)

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %
43.5 Capital Expenditure by Municipal Vote				
Municipal Manager	6 395	-	6 395	100.00%
Council General Expenses	6 395	-	6 395	100.00%
Municipal Manager	-	-	-	
Director: Corporate Services	298 368	170 000	128 368	75.51%
Administration	375	-	375	100.00%
Beaches	-	-	-	
Caravan Park	187 811	170 000	17 811	10.48%
Cemetery	-	-	-	
Community Gym	-	-	-	
Fire Brigade	-	-	-	
Library	556	-	556	100.00%
Museum	-	-	-	
Recreational Park	-	-	-	
Sport Ground	109 626	-	109 626	100.00%
Director: Finance	295 824	-	295 824	100.00%
Administration	-	-	-	
Assessment Rates	-	-	-	
Commonage	-	-	-	
Health	-	-	-	
Housing Scheme 4	-	-	-	
Housing Scheme 5	-	-	-	
Offices	295 824	-	295 824	100.00%
Properties	-	-	-	
Director: Infrastructure	3 208 772	9 343 000	(6 134 228)	-65.66%
Electricity Service	677 984	360 000	317 984	88.33%
Refuse Removal	1 208 950	2 563 000	(1 354 050)	-52.83%
Roads & Stormwater	1 042 305	250 000	792 305	316.92%
Sewerage Service	118 932	5 950 000	(5 831 068)	-98.00%
Vehicle Testing	-	-	-	
Water Service	12 441	220 000	(207 559)	-94.35%
Workshop	148 160	-	148 160	100.00%
Total Capital Expenditure	3 809 358.62	9 513 000	(5 703 641)	-59.96%

Details of material variances

Refer to Appendix C(2)

	2012 R	2011 R
44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
44.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	13 928 199	30 889 583
Unauthorised expenditure current year - operational	48 113	8 326 343
Unauthorised expenditure current year - capital	430 587	5 601 856
Approved by Council or condoned	-	(30 889 583)
Unauthorised expenditure awaiting authorisation	**14 406 899**	**13 928 199**

Incident		Disciplinary steps/criminal proceedings
Over expenditure of approved budget		*None*

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:		
Opening balance	115	69 510
Fruitless and wasteful expenditure current year	-	115
Condoned or written off by Council	-	(69 510)
Fruitless and wasteful expenditure awaiting condonement	**115**	**115**

Incident		Disciplinary steps/criminal proceedings
Interst and Penalties Paid to SARS on late payment of employee tax - R115		*To be investigated*

		2012 R	2011 R
44.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	21 034 974	11 039 427
	Irregular expenditure current year	1 509 876	21 034 974
	Condonement supported by council	-	(11 039 427)
	Irregular expenditure awaiting further action	**22 544 850**	**21 034 974**
	Irregular expenditure awaiting condonement from National Treasury	33 584 277	32 074 401

Incident		Disciplinary steps/criminal proceedings		
Non compliance with Supply Chain Management Policy - Three written quotations not obtained and incomplete registration forms		*To be investigated*		15 911 541
Non compliance of tenders with Supply Chain Management Policy		*To be investigated*		5 123 433
Non compliance with Supply Chain Management Policy - Supplier in service of state		*To be investigated*	18 857	-
Non compliance with Supply Chain Management Policy - Contracts awarded not published on website		*To be investigated*	1 487 349	-
Non compliance with Supply Chain Management Policy - Deviation not reported to council		*To be investigated*	3 670	-
			1 509 876	21 034 974

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

45. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	-	-
Council subscriptions	100 000	100 000
Amount paid - current year	(100 000)	(100 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

45.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	823 365	831 237
Current year audit fee	1 455 038	1 220 434
External Audit - Auditor-General	1 455 038	1 220 434
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(2 278 403)	(397 069)
Amount paid - previous year	-	(831 237)
Balance unpaid (included in creditors)	**-**	**823 365**

45.3 VAT - [MFMA 125 (1)(c)]

Opening balance	497 217	(366 722)
Amounts received - current year	-	(1 180 103)
Amounts claimed - current year (payable)	1 561 401	2 050 604
Amount paid - current year	(15 837)	(6 562)
Amount paid - previous year	-	-
Closing balance	**2 042 781**	**497 217**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

45.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	85 242	74 213
Current year payroll deductions	1 209 217	1 036 391
Amount paid - current year	(1 115 667)	(66 218)
Amount paid - previous year	(85 242)	(959 144)
Balance unpaid (included in creditors)	**93 550**	**85 242**

45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	139 966	143 211
Current year payroll deductions and Council Contributions	2 951 697	2 894 442
Amount paid - current year	(2 800 388)	(2 754 476)
Amount paid - previous year	(139 966)	(143 211)
Balance unpaid (included in creditors)	**151 309**	**139 966**

45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June 2012:

	Outstanding more than 90 days
T Swartbooi	1 834

The following Councillors had arrear accounts outstanding for more than 90 days during the year. These accounts were however settled before year-end:

	Highest amount outstanding	Ageing
T Swartbooi	1 628	> 120 days
T Swartbooi	206	> 90 days

45.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

		Type of Deviation			
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	30 411	1	-	5	-
August	117 316	2	-	11	-
September	207 330	1	-	9	-
October	83 745	2	-	8	1
November	309 376	3	17	9	-
December	645 152	1	18	9	1
January	117 047	4	-	5	-
February	160 395	-	-	6	-
March	47 716	-	-	2	-
April	101 847	3	-	6	1
May	316 379	2	-	22	-
June	66 564	-	1	7	-
	2 203 278	19	36	99	3

The following suppliers did not indicated that a member is in service of the state as required by section 13 (c)(i) of the Supply Chain Management Regulations:

Service provider	Name of member	State Department	Contract
Radio NFM	BWMLR Phindiwe	NC: Department of Education	18 857

	2012 R	2011 R
45.8 Material losses		
Electricity distribution losses		
Units purchased (Kwh)	9 164 724	9 329 120
Units lost during distribution (Kwh)	1 345 503	873 549
Percentage lost during distribution	14.68%	9.36%
Distribution loss (Rand Value)	1 005 360	564 662
Water distribution losses		
Units purchased (ml)	588 334	569 715
Units lost during distribution (ml)	166 485	120 469
Percentage lost during distribution	28.30%	21.15%
Distribution loss (Rand Value)	1 260 291	830 031

46. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:		
Approved and contracted for:	-	-
Infrastructure	-	-
Community	-	-
Other	-	-
Approved but not yet contracted for	2 066 003	9 513 000
Infrastructure	798 244	7 333 000
Community	1 267 759	-
Other	-	2 180 000
Total	**2 066 003**	**9 513 000**
This expenditure will be financed from:		
External Loans	-	1 230 000
Capital Replacement Reserve	-	1 170 000
Government Grants	1 540 938	7 113 000
Own Resources	-	-
District Council Grants	525 065	-
Total	**2 066 003**	**9 513 000**

	2012 R	2011 R

47. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

1% (2011: 1%) Increase in interest rates	115 498	74 907
1% (2011: 1%) Decrease in interest rates	(115 498)	(74 907)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2012 %	2012 R	2011 %	2011 R
Non-exchange Receivables				
Rates	100.00%	7 990 979	100.00%	6 457 786
Exchange Receivables				
Electricity	5.71%	1 646 481	4.98%	1 409 870
Water	29.22%	8 428 833	26.35%	7 457 237
Housing	0.74%	214 667	0.71%	201 827
Refuse	21.75%	6 275 306	20.15%	5 702 004
Sewerage	18.97%	5 473 360	17.98%	5 088 924
Other	23.60%	6 806 811	29.82%	8 439 442
	100.00%	28 845 457	100.00%	28 299 304

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2012 %	2012 R	2011 %	2011 R
Receivables from Non-Exchange Transactions	22.02%	7 685 789	17.69%	5 827 193
Receivables from Exchange Transactions	77.98%	27 218 819	82.31%	27 113 672
	100.00%	34 904 608	100.00%	32 940 865

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

Long-term Receivables	234 462	242 049
Receivables from exchange transactions	28 845 457	28 299 304
Receivables from non-exchange transactions	8 066 096	6 342 639
Cash and Cash Equivalents	16 447 823	12 188 647
Unpaid Conditional Grants and Subsidies	(145 948)	-
	53 447 890	47 072 639

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2012	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	745 835	1 949 002	-	-
Non-Current Provisions	5 607 362	1 515 056	2 276 765	464 541
Trade and Other Payables	2 625 659	-	-	-
Unspent Conditional Grants and Receipts	9 674 472	-	-	-
	18 653 328	3 464 058	2 276 765	464 541

2011	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	451 866	925 933	-	-
Non-Current Provisions	5 281 971	1 427 024	2 205 528	949 202
Trade and Other Payables	3 986 102	-	-	-
Unspent Conditional Grants and Receipts	3 986 102	-	-	-
	13 706 041	2 352 957	2 205 528	949 202

(f) Concessionary Loans

Financial Institution:	DBSA	DBSA
Loan number:	102 502	102 502
Interest Rate:	5.00%	5.00%
Redeemable Date:	31/03/2014	31/03/2014
Outstanding Balance:	578 021	886 260
Nominal Value:	532 383	782 121

			2012 R	2011 R
48.	**FINANCIAL INSTRUMENTS**			
	In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
48.1	**Financial Assets**	**Classification**		
	Long-term Receivables			
	Housing Loans	Financial Instruments at amortised cost	234 462	242 049
	Receivables from Exchange Transactions			
	Electricity	Financial Instruments at amortised cost	1 646 481	1 409 870
	Refuse	Financial Instruments at amortised cost	6 275 306	5 702 004
	Sewerage	Financial Instruments at amortised cost	5 473 360	5 088 924
	Water	Financial Instruments at amortised cost	8 428 833	7 457 237
	Housing	Financial Instruments at amortised cost	214 667	201 827
	Other Debtors	Financial Instruments at amortised cost	6 806 811	8 439 442
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	421 196	172 455
	Call Deposits	Financial Instruments at amortised cost	16 026 627	12 016 192
	Total Financial Assets		**45 527 741**	**40 730 000**
	SUMMARY OF FINANCIAL ASSETS			
	Financial Instruments at amortised cost:			
	Long-term Receivables	Housing Loans	234 462	242 049
	Receivables from Exchange Transactions	Electricity	1 646 481	1 409 870
	Receivables from Exchange Transactions	Refuse	6 275 306	5 702 004
	Receivables from Exchange Transactions	Sewerage	5 473 360	5 088 924
	Receivables from Exchange Transactions	Water	8 428 833	7 457 237
	Receivables from Exchange Transactions	Loan Instalments	214 667	201 827
	Receivables from Exchange Transactions	Other Debtors	6 806 811	8 439 442
	Cash and Cash Equivalents	Bank Balances	421 196	172 455
	Cash and Cash Equivalents	Call Deposits	16 026 627	12 016 192
			29 079 919	40 730 000
	Total Financial Assets		**29 079 919**	**40 730 000**
48.2	**Financial Liabilities**	**Classification**		
	Long-term Liabilities			
	Annuity Loans	Financial Instruments at amortised cost	2 786 229	3 595 785
	Capitalised Lease Liability	Financial Instruments at amortised cost	2 111 815	1 102 208
	Trade and Other Payables			
	Trade Creditors	Financial Instruments at amortised cost	1 997 146	3 439 382
	Other Creditors	Financial Instruments at amortised cost	628 512	15 898
			7 523 702	**8 153 274**
	SUMMARY OF FINANCIAL LIABILITIES			
	Financial instruments at amortised cost:			
	Long-term Liabilities	Annuity Loans	2 786 229	3 595 785
	Long-term Liabilities	Capitalised Lease Liability	2 111 815	1 102 208
	Trade and Other Payables	Trade Creditors	1 997 146	3 439 382
	Trade and Other Payables	Other Creditors	628 512	15 898
			7 523 702	**8 153 274**

49. EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date.

50. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

51. CONTINGENT LIABILITY

The municipality is not aware of any contingent liabilities.

52. RELATED PARTIES

52.1 Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

52.2 The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

		2012 R	2011 R
52.3 Other related party transactions			
The following purchases were made during the year where Councillors or staff have an interest:			
Staff Member	Entity		
LT Cloete	Celacon CC	14 430	-
		14 430	**-**

53. GOING CONCERN

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

12. PROPERTY, PLANT AND EQUIPMENT

12.1 30 JUNE 2012

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2011	40 145 288	45 327 391	9 905 771	857 084	4 296 993	294 856	100 827 383
Cost	44 481 096	80 826 018	13 316 880	1 440 954	8 401 934	583 200	149 050 082
Original Cost	44 481 096	80 826 018	13 316 880	1 440 954	8 401 934	583 200	149 050 082
Accumulated Depreciation	(4 335 808)	(35 498 627)	(3 411 109)	(583 870)	(4 104 941)	(288 344)	(48 222 700)
Original Cost	(4 335 808)	(35 498 627)	(3 411 109)	(583 870)	(4 104 941)	(288 344)	(48 222 700)
Acquisitions	-	1 493 775	109 375	1 363 945	818 314	-	3 785 409
Capital under Construction	-	23 950	-	-	-	-	23 950
Transfers from/(to) Investment Properties - Note 13	(2 449 000)	-	-	-	-	-	(2 449 000)
Cost	(2 449 000)	-	-	-	-	-	(2 449 000)
Accumulated Depreciation	-	-	-	-	-	-	-
Depreciation	(354 737)	(3 534 472)	(764 348)	-	(1 471 887)	(16 370)	(6 141 815)
Normal Depreciation	(354 737)	(3 534 472)	(764 348)	-	(1 471 887)	(16 370)	(6 141 815)
Backlog Depreciation previously not recorded	-	-	-	-	-	-	-
Impairment losses	-	(1 169)	-	-	(41 089)	-	(42 258)
Cost	-	-	-	-	-	-	-
Accumulated Depreciation	-	(1 169)	-	-	(41 089)	-	(42 258)
Carrying value of disposals	-	-	-	-	(32 866)	-	(32 866)
Cost	-	-	-	-	(303 111)	-	(303 111)
Accumulated Depreciation	-	-	-	-	270 245	-	270 245
Carrying value at 30 June 2012	37 341 551	43 309 474	9 250 797	2 221 029	3 569 465	278 486	95 970 803
Cost	42 032 096	82 343 743	13 426 255	2 804 899	8 917 137	583 200	150 107 330
Original Cost	42 032 096	82 343 743	13 426 255	2 804 899	8 917 137	583 200	150 107 330
Accumulated Depreciation	(4 690 545)	(39 034 268)	(4 175 458)	(583 870.00)	(5 347 672)	(304 714)	(54 136 527)
Original Cost	(4 690 545)	(39 034 268)	(4 175 458)	(583 870)	(5 347 672)	(304 714)	(54 136 527)

12.2 30 JUNE 2011

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2010	40 461 230	42 827 162	9 700 928	1 145 375	4 033 846	311 225	98 479 766
Cost	44 442 296	76 055 533	12 506 939	1 440 954	7 378 721	583 200	142 407 643
Original Cost	44 442 296	76 055 533	12 399 019	1 440 954	7 279 829	583 200	142 200 831
Correction of Error - Note 38.6	-	-	107 920	-	98 892	-	206 812
Accumulated Depreciation	(3 981 066)	(33 228 371)	(2 806 011)	(295 579)	(3 344 875)	(271 975)	(43 927 877)
Original Cost	(3 981 066)	(33 228 371)	(2 748 150)	(295 579)	(3 249 055)	(271 975)	(43 774 196)
Correction of Error - Note 38.6	-	-	(57 861)	-	(95 820)	-	(153 681)
Acquisitions	38 800	994 914	536 877	-	1 148 429	-	2 719 020
Capital under Construction	-	4 280 586	273 064	-	-	-	4 553 650
Depreciation	(354 742)	(2 495 551)	(605 098)	(288 291)	(845 630)	(16 369)	(4 605 681)
Normal Depreciation	(354 742)	(2 505 113)	(605 098)	(288 291)	(845 630)	(16 369)	(4 615 243)
Backlog Depreciation previously not recorded	-	9 562	-	-	-	-	9 562
Impairment losses	-	(279 720)	-	-	(39 652)	-	(319 372)
Cost	-	(505 015)	-	-	(125 216)	-	(630 231)
Accumulated Depreciation	-	225 295	-	-	85 564	-	310 859
Carrying value at 30 June 2011	40 145 288	45 327 391	9 905 771	857 084	4 296 993	294 856	100 827 383
Cost	44 481 096	80 826 018	13 316 880	1 440 954	8 401 934	583 200	149 050 082
Original Cost	44 481 096	80 826 018	13 316 880	1 440 954	8 401 934	583 200	149 050 082
Accumulated Depreciation	(4 335 808)	(35 498 627)	(3 411 109)	(583 870)	(4 104 941)	(288 344)	(48 222 700)
Original Cost	(4 335 808)	(35 498 627)	(3 411 109)	(583 870)	(4 104 941)	(288 344)	(48 222 700)

APPENDIX A
RICHTERSVELD MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2011	Received during the period	Redeemed written off during the period	Balance at 30 June 2012
ANNUITY LOANS							
DBSA	10.00%	101910	31/12/2015	2 709 525	-	501 318	2 208 207
DBSA	5.00%	102502	31/03/2014	886 260	-	308 239	578 021
Total Annuity Loans				**3 595 785**	**-**	**809 557**	**2 786 228**
LEASE LIABILITY							
Office Equipment		Various		229 416	154 995	131 859	252 552
Vehicles				872 792	1 382 703	396 232	1 859 263
Total Lease Liabilities				**1 102 208**	**1 537 698**	**528 091**	**2 111 815**
TOTAL EXTERNAL LOANS				**4 697 993**	**1 537 698**	**1 337 648**	**4 898 043**

APPENDIX B

RICHTERSVELD MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

GENERAL FINANCE STATISTIC CLASSIFICATIONS

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
221 507	3 906 785	(3 685 277)	Executive & Council	529 458	4 262 069	(3 732 611)
8 584 010	4 085 315	4 498 695	Budget & Treasury Office	9 721 550	8 368 995	1 352 555
16 363 448	8 146 727	8 216 721	Corporate Services	15 019 984	8 200 656	6 819 327
782 452	365 945	416 507	Planning & Development	586 974	596 429	(9 455)
175 255	111 189	64 065	Health	(17 411)	132 113	(149 524)
1 877 944	1 729 359	148 585	Community & Social Services	2 055 427	1 124 299	931 128
4 956 218	4 991 277	(35 060)	Housing	2 234	234 636	(232 402)
107 641	159 368	(51 727)	Public Safety	133 639	210 160	(76 521)
947 858	2 623 271	(1 675 413)	Sport and Recreation	1 010 104	2 885 795	(1 875 691)
-	-	-	Environmental Protection	-	-	-
2 006 511	1 565 886	440 625	Waste Management	2 159 375	1 916 298	243 077
1 956 235	1 640 284	315 951	Waste Water Management	2 045 947	1 560 219	485 728
129	4 550 927	(4 550 798)	Road Transport	192 874	5 322 562	(5 129 689)
6 616 974	5 865 552	751 422	Water	5 003 529	4 758 717	244 812
6 202 168	8 035 032	(1 832 864)	Electricity	7 485 491	8 356 583	(871 093)
50 798 351	47 776 918	3 021 433	Sub Total	45 929 174	47 929 533	(2 000 358)
-	-	-	Less Inter-Departmental Charges	-	-	-
50 798 351	47 776 918	3 021 433	**Total**	45 929 174	47 929 533	(2 000 358)

APPENDIX C(1)
RICHTERSVELD MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	6 856 823	6 842 205	14 618	0.21%	
Government Grants and Subsidies	16 282 885	21 918 000	(5 635 115)	-25.71%	MIG Grant not spent
Public Contributions and Donations	102 211	1 500	100 711	6714.05%	Received additional donations
Contributed PPE	-	-	-	0.00%	
Fines	13 465	7 118	6 347	89.17%	Increase in fines issued by Provincial Traffic
Third Party Payments	-	-	-	0.00%	
Actuarial gains	-	-	-	0.00%	
Dividends received	-	-	-	0.00%	
Property rates - Penalties & Collection Charges	513 354	450 000	63 354	14.08%	Non-payment of property rates
Service Charges	16 355 288	19 323 415	(2 968 127)	-15.36%	Decrease in consumer consumption
Water Services Authority Contribution	-	-	-	0.00%	
Rental of Facilities and Equipment	1 406 635	1 675 216	(268 581)	-16.03%	Decrease in rental income from holiday resort
Interest Earned - External Investments	612 801	617 000	(4 199)	-0.68%	
Interest Earned - Outstanding Receivables	1 472 412	1 500 300	(27 888)	-1.86%	
Licences and Permits	148 793	144 237	4 556	3.16%	
Agency Services	376 013	467 293	(91 280)	-19.53%	Decrease in vehicle registrations
Other Income	1 146 429	708 398	438 031	61.83%	VAT on grant expenditure treated as own revenue
Unamortised discount - Interest	-	-	-	0.00%	
Gains on Disposal of PPE	642 065	804 600	(162 535)	-20.20%	Decrease in land sales
Reversal of Impairment Loss	-	-	-	0.00%	
Changes in Fair Value	-	-	-	0.00%	
Inventory: Reversal of write-down to Net Realisable Value	-	-	-	0.00%	
Total Revenue	**45 929 174**	**54 459 282**	**(8 530 108)**	-15.66%	
EXPENDITURE					
Executive & Council	4 262 069	4 528 000	(265 931)	-5.87%	Decrease in salaries due to vacant posts
Budget & Treasury Office	8 368 995	11 165 000	(2 796 005)	-25.04%	Decrease in operating grant expenditure
Corporate Services	8 200 656	10 842 000	(2 641 344)	-24.36%	
Planning & Development	596 429	-	596 429	0.00%	Savings on budget
Health	132 113	76 023	56 090	73.78%	Savings on budget
Community & Social Services	1 124 299	1 118 000	6 299	0.56%	Decrease in operating grant expenditure
Housing	234 636	24 400	210 236	861.62%	Additional repairs and maintenance
Public Safety	210 160	114 000	96 160	84.35%	Savings on budget
Sport & Recreation	2 885 795	52 000	2 833 795	5449.61%	Increase in depreciation
Environmental Protection	-	-	-	0.00%	
Waste Management	1 916 298	2 220 800	(304 502)	-13.71%	Increase in depreciation
Waste Water Management	1 560 219	1 400 000	160 219	11.44%	Additional employee cost
Road Transport	5 322 562	7 355 000	(2 032 438)	-27.63%	Increase in depreciation
Water	4 758 717	5 639 000	(880 283)	-15.61%	Additional repairs and maintenance
Electricity	8 356 583	8 639 000	(282 417)	-3.27%	
Less: Interdepartmental Charges	-	-	-	0.00%	
Total Expenditure	**47 929 533**	**53 173 223**	**(5 243 690)**	-9.86%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(2 000 358)**	**1 286 059**	**(3 286 417)**	-255.54%	

APPENDIX C (2)
RICHTERSVELD MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2012 Actual	2012 Under Construction	2012 Total Additions	2012 Budget	2012 Variance	2012 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	6 395	-	6 395	-	6 395	100.00%	Incorrect Budget
Budget & Treasury Office	-	-	-	-	-		
Corporate Services	375	-	375	170 000	(169 625)	-99.78%	Incorrect Budget
Planning & Development	-	-	-	-	-		
Health	-	-	-	-	-		
Community & Social Services	301 393	-	301 393	-	301 393	100.00%	Incorrect Budget
Housing	-	-	-	-	-		
Public Safety	-	-	-	-	-		
Sport & Recreation	297 437	-	297 437	-	297 437	100.00%	Incorrect Budget
Environmental Protection	-	-	-	-	-		
Waste Management	1 208 950	-	1 208 950	2 563 000	(1 354 050)	-52.83%	Roll-over of MIG Funds
Waste Water Management	1 155 850	-	1 155 850	5 950 000	(4 794 150)	-80.57%	Roll-over of MIG Funds
Road Transport	148 535	-	148 535	250 000	(101 465)	-40.59%	Roll-over of MIG Funds
Water	12 441	-	12 441	220 000	(207 559)	-94.35%	Roll-over of MIG Funds
Electricity	677 984	-	677 984	360 000	317 984	88.33%	Roll-over of MIG Funds
Total	3 809 359	-	3 809 359	9 513 000	(5 703 641)	-59.96%	

APPENDIX D
RICHTERSVELD MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2011	Correction of Error	Contributions during the year	Repaid to National Revenue Fund	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2012	Unspent 30 June 2012 (Creditor)	Unpaid 30 June 2012 (Debtor)
National Government Grants											
Equitable Share	-	-	10 415 000	-	-	-	(10 415 000)	-	-	-	-
Finance Management Grant	409 758	-	1 450 000	(10 000)	-	-	(1 777 602)	(39 797)	32 359	32 359	-
Municipal System Improvement Grant	29 210	-	790 000	(228 000)	-	-	(431 570)	(162 346)	(2 706)	-	(2 706)
Municipal Infrastructure Grant	2 566 296	(446 290)	7 113 000	(481 000)	-	-	(783 476)	(60 858)	7 907 672	7 907 672	-
Total National Government Grants	**3 005 265**	**(446 290)**	**19 768 000**	**(719 000)**	**-**	**-**	**(13 407 648)**	**(263 001)**	**7 937 325**	**7 940 031**	**(2 706)**
Provincial Government Grants											
Sport	3 471	-	-	-	-	-	-	-	3 471	3 471	-
Library	14 015	-	558 000	-	-	-	(362 836)	(3 420)	205 758	205 758	-
Arts & Culture (Cultural Groups)	49	-	-	-	-	-	-	-	49	49	-
Cooperative Governance and Tranditional Affairs	1 633	-	1 295 423	-	3 452	-	(1 120 190)	-	180 318	180 318	-
Public Works (Work Creation)	157 835	-	-	-	-	-	(157 835)	-	-	-	-
CoGTA (Flood Damage Kuboes)	250 147	-	-	-	-	-	-	-	250 147	250 147	-
CoGTA (Monitor Ground Water)	-	-	-	-	-	-	-	-	-	-	-
CoGTA (MSP Watermeter)	430 021	-	-	-	4 124	-	(8 203)	(12 066)	413 877	413 877	-
CoGTA (Sizamile Vegatable)	1 583	-	-	-	-	-	-	-	1 583	1 583	-
CoGTA (Social Plan)	5 116	-	-	-	-	-	-	(5 116)	0	0	-
CoGTA (Water Bulk Supply- 8 Mile)	41 169	-	-	-	-	-	-	-	41 169	41 169	-
CoGTA (Water Bulk Supply - Ninham Shand)	336 720	-	-	-	-	-	-	-	336 720	336 720	-
CoGTA (Water - Kuboes Pipe Line)	0	-	-	-	-	-	-	-	0	0	-
CoGTA (Pula Nala)	35 645	-	325 000	-	-	-	(318 694)	-	41 952	41 952	-
CoGTA Water Bulk Infrastructure Government Grant	490 452	(200 884)	35 611	-	-	-	(67 286)	-	257 892	257 892	-
Total Provincial Government Grants	**1 767 857**	**(200 884)**	**2 214 034**	**-**	**7 576**	**-**	**(2 035 045)**	**(20 602)**	**1 732 936**	**1 732 936**	**-**
District Municipality											
Namakwa District Municipality	58 742	-	-	-	-	-	(58 742)	-	-	-	-
Namakwa District Municipality	-		348 663	-	-	-	(491 904)	-	(143 241)	-	(143 241)
Total District Municipality Grants	**58 742**	**-**	**348 663**	**-**	**-**	**-**	**(550 646)**	**-**	**(143 241)**	**-**	**(143 241)**
Other Grant Providers											
NDFT Grant	615	-	-	-	-	-	(615)	-	-	-	-
NDFT CDW's	4 891	-	-	-	-	-	(4 289)	-	602	602	-
Stuwig Alch AB	1 039	-	-	-	-	-	(1 039)	-	-	-	-
Alexcor Culfest	904	-	-	-	-	-	-	-	904	904	-
Total Other Grant Providers	**7 449**	**-**	**-**	**-**	**-**	**-**	**(5 943)**	**-**	**1 506**	**1 506**	**-**
Total Grants	4 839 313	(647 174)	22 330 697	(719 000)	7 576	-	(15 999 282)	(283 603)	9 528 526	9 674 474	(145 948)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.